



OFFICE OF THE GOVERNOR

November 1, 2019

VIA ECF

The Honorable Dennis Montali
United States Bankruptcy Court
Northern District of California
450 Golden Gate Avenue, 16th Floor
San Francisco, CA 94102

Re: In re PG&E Corp. and Pacific Gas and Electric Company, Case No. 19-30088 (DM) (the "Chapter 11 Cases")

Your Honor:

The State of California greatly appreciates the efforts you are making to advance the Chapter 11 Cases on a timeframe that meets the requirements of AB 1054 - most recently in appointing Retired Bankruptcy Judge Randall J. Newsome as a mediator to accelerate the confirmation of a chapter 11 plan. As you recognized in the *Order Appointing Mediator* [Docket No. 4499], the "parties are polarized; the emotions are running higher and higher, the staggering costs (economic and otherwise) are multiplying daily and very recent events ... might make a successful reorganization even more of a challenge." Unfortunately, PG&E's stakeholders continue to litigate every issue at the expense of the people of California. Very recent events have made it clear that the state must act.

California is meeting the challenges of the new wildfire reality. I am proud that, in the face of historic winds and extreme fire danger, the state mitigated the damage from fast moving fires such as the Kincadee fire. While California is meeting the challenge, PG&E is not. PG&E's recent filings acknowledge that its equipment may have contributed to several wildfires, including the Kincadee fire. PG&E's grid is antiquated and suffers from years of underinvestment. Millions of Californians lost power for days. Far too many households and businesses were without power for more than a week. PG&E's execution of preemptive de-energization of power lines put lives and property at risk.

AB 1054 requires PG&E to make fundamental changes. Earlier this week, the Public Utilities Commission took necessary action consistent with the need for change starting now. PG&E's restructuring must also meet the needs of Californians and that change must start ahead of next year's fire season. Therefore, I have requested that the parties-in-interest in the PG&E bankruptcy come to Sacramento next week to address how we can accelerate the bankruptcy. My advisors also spoke to Judge Newsome to discuss how we can work together to bring the bankruptcy process to a quick resolution.

My goal is to encourage those parties to achieve a swift and consensual resolution to the Chapter 11 Cases that creates a new entity, one that better reflects our California values and advances the safety transformations that are required. It is my hope that the stakeholders in PG&E will put parochial interests aside and reach a negotiated resolution in the near term. If the parties fail to reach an agreement quickly to begin this process of transformation, the state will intervene to restructure the utility. Under either scenario, the state must ensure that Californians have a utility that provides safe, reliable, and affordable power.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gavin Newsom', with a long horizontal flourish extending to the right.

Gavin Newsom
Governor of the State of California

cc:

The Honorable William Haskell Alsup
United States District Judge
United States District Court for the Northern District of California

The Honorable James Donato
United States District Judge
United States District Court for the Northern District of California

The Honorable Teri L. Jackson
Superior Court Judge
Superior Court of the State of California, Department 613